



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

上海實業集團成員 A Member of SIIC

FOR IMMEDIATE RELEASE

**SHANGHAI INDUSTRIAL TO ACQUIRE 63.65% OF SI DEVELOPMENT  
FOR HK\$5.83 BILLION**

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**SPEEDING UP INTEGRATION OF PARENT'S SIIC PROPERTY ASSETS**

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**TOTAL LAND BANK TO EXCEED 22 MILLION SQ M**

(August 16, 2010 – HONG KONG) Shanghai Industrial Holdings Limited (“SIHL”, stock code 0363) today announced the acquisition of 63.65% equity interests of A-share company SIIC Development (“SI Development”, stock code 600748) from its parent company Shanghai Industrial Investment (Holdings) Co. Ltd. (“SIIC”). Acquisition price was RMB7.44 per share, with a total consideration of RMB5.13 billion (about HK\$5.83 billion). Upon completion, SI Development will become a subsidiary of SIHL.

The payment will be all in cash. The acquisition price represents a 10% discount of the arithmetic mean of the daily weighted average price in the 30 trading days prior to the date of signing of the agreement, RMB8.26; or 56.4% discount with reference to the proforma asset value per share of SI Development, RMB17.07 (HK\$19.39), according to independent valuer DTZ.

SI Development has a number of property projects in key Chinese cities, including Shanghai, Tianjin, Chongqing, Harbin, Qingdao, Quanzhou, Huzhou and Dali. The company is engaged in the development and operation of residential (mid-to-high-end), commercial, hotel and office buildings, holding both development property and investment property. As of June 30, 2010, SI Development has about 4.90 million square meters of land bank. Upon completion of the transaction, SIHL’s total land bank will be increased from 17 million to more than 22 million square meters, most of which are located in first-tiered cities like Shanghai, Beijing and Qingdao. Consequently SIHL is positioned to rank among the first-tiered developers in China, and to become one of the most competitive conglomerates in the country.

SIHL Chairman Teng Yilong noted that this is the most sizeable acquisition of the company since listing. Taking advantage of the current down cycle of the mainland property market and the A-share market, the company is able to take over SI Development at a lower cost, in enlarging the scale of its real estate operations. Upon completion, SIHL will be holding the control stakes of all SIIC listed companies involved in real estate business in China. As the real estate business operations are centralized under one roof, on a uniform business platform, SIHL will benefit from the synergy of resources integration, under a diversified structure incorporating residential, commercial and hotel real estate, and create maximum shareholders’ value.

Mr Teng said that the transaction would add to SIHL a number of quality property development projects as well as land banks at strategic locations. In particular, the company would raise the proportion of investment property, thus bringing stable income, enhanced risk-resisting capabilities, and optimized business structure. With this strengthened competitiveness and long-term stability of the revenue of its real estate business, SIHL will become a leading player in China property. The company will also continue its participation in the SOE reform in Shanghai, ultimately fostering rapid development under such competitive advantages, as well as the support of parent company SIIC.

SI Development has reported a CAGR of 18.5% and 28.2% -- higher than industry average -- with its business revenue and net earnings respectively in the 3-year period between 2007 and 2009, indicating fast-paced development. Its major projects in recent development are all sizeable, high-end, regional-scaled development projects, including the Qingpu villas and townhouses in Shanghai, the International Beer City residential and commercial project in Qingdao, and Quanzhou Donghai New Town composite project. Presently SI Development enjoys stable rental income from a number of blue-chip investment properties in Shanghai, such as Golden Bell Plaza, SIIC Building, Hai Shang Hai New Town, Gaoyang Business Center and Huangpu Mansion.

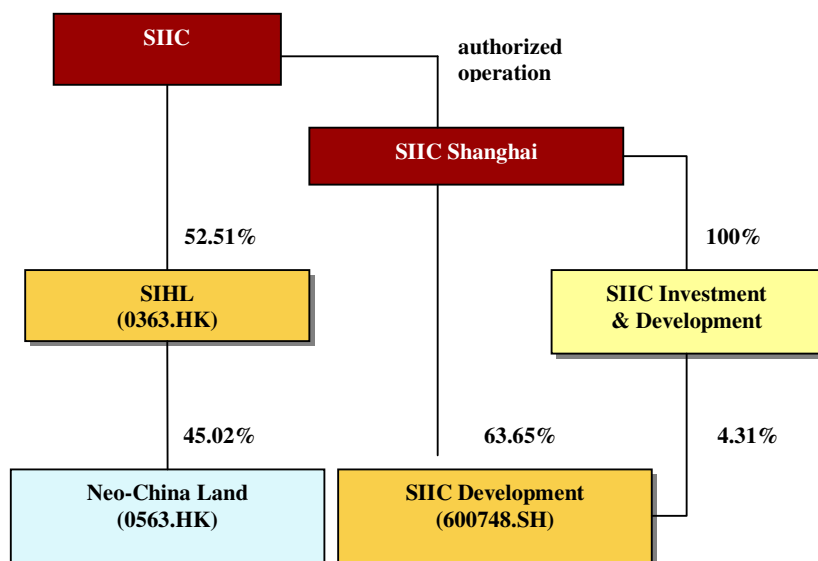
SIHL is a conglomerate with core businesses in infrastructure, real estate and consumer products. In 2009, its revenue amounted to HK\$12,762 million and profit attributable to shareholders totalled HK\$2,860 million.

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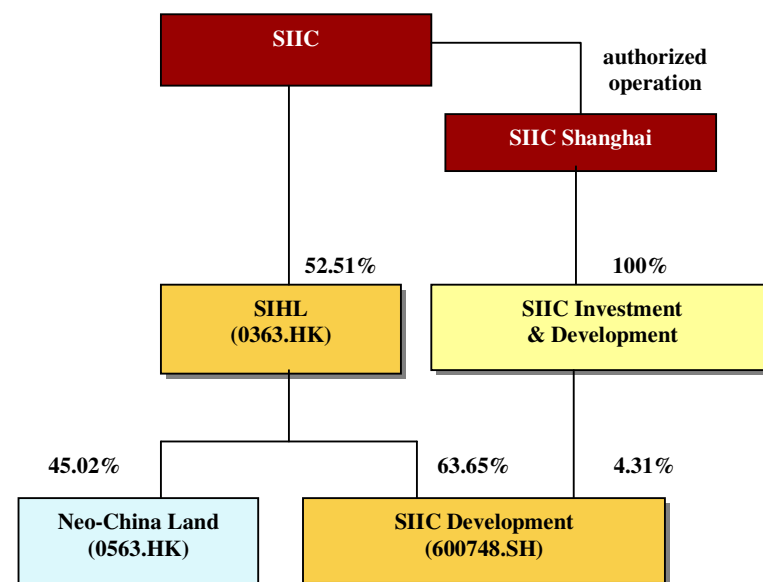
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## Pre-transaction



## Post-transaction



Over 60% of SI Development's land bank is in tier-1 cities and developed coastal areas

